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DEPARTMENT FOR EUR/RPM AND EUR/ERA

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SUBJECT: THE EUROPEAN DEFENSE AGENCY: CAPTAIN COLLINS GOES TO WASHINGTON

Classified By: USEU Defense Policy officer, Mark Brunner for reasons 1. 4 (b) and (d).

Summary

11. (C) USEU Pol/Mil team met mid-October with British Navy Captain Paul Collins, currently seconded to the European Defense Agency Establishment Team (AET), for a readout on his recent Voluntary Visitor Program visit to the US. Collins summarized US reaction to his trip as a "relief", and noted that US officials were surprised to learn the Agency currently employs just six personnel, though the Agency has plans to increase staff to 80 in 2005. While the EDA is currently in start-up mode, it is already focusing on some early projects. The first will be tackling the EU's capabilities shortfalls by conducting "assessments" of several high cost European defense programs in order to illustrate for member states the "true cost" of the capability throughout the life of the program. The assessment will also demonstrate to Defense Ministers how yearly maintenance of legacy programs drains scarce Euros from modest defense budgets. These evaluations can be used by HiRep Solana to prod Defense Ministries into transforming their procurement processes and increasing investment on practical, usable capabilities. Collins believes the EDA will succeed in jump-starting the EU capabilities engine where previous European capabilities initiatives have failed, because 2004 was a "watershed year" for ESDP, and Ministers are committed to transforming the EU Defense Processes. End Summary.

Allaying US Concerns

12. (C) In a debrief with USEU polmil officers, Captain Paul Collins summarized the reaction to his October trip to Washington as "relief" from many of his US counterparts. He characterized many of his interlocutors as apprehensive that the EDA would bring about the creation of a "fortress Europe," and added that a number of his US contacts had imagined the EDA employed a few thousand personnel. He also assured us that EDA Chief Nick Witney would schedule meetings with counterparts in the US once the Agency got "on its feet". Collins compared the state of the EDA to an auto repair shop with car parts "lying about the floor", but also stressed that Agency hires are beginning to assemble the auto's frame, and will move on to the key components shortly.

Collins was supremely impressed with the Allied Command Transformation (ACT) organization and its views on transformation. He sees the EDA and ACT missions as mutually compatible and noted, "EDA needs to weld itself to ACT".

13. (C) Although the EDA has an ambitious agenda, it is still developing as an organization. Despite the EDA's small staff, Collins warned against underestimating its influence in the long run, "People (in the US) need to game plan in their minds and to think about what they want to do with a stronger European Defense Market," and added that it's not a question of if the EDA and EU will develop a more comprehensive and successful approach, but "when and how fast."

14. (C) During his visit, a majority of the questions from US officials to Collins about European Defense plans focused on the future of ESDP and NATO. Many asked about the added value of ESDP and why the EU is duplicating NATO. Collins said there was a common mis-perception during his US tour that there were a "few thousand people over at EDA furiously bugging (working) away" on EU defense initiatives. He explained that at the time of his trip, the EDA only had 2 employees (now 6). The EDA plans for a staff of 26 by the end of 2004, with a target of 80 for 2005. The senior agency executives have been barraged with over 1,000 applications for 80 available slots.

15. (C) Collins also suggested that there is a dichotomy between US desire for the EU to be more effective militarily, and the US fear of the EU becoming "too strong." His perception is that the US wants to ensure the EU does not develop too strongly industrially and compete with the US.

His follow-up question to us was a basic one, asking what the US really wants the EU to do. As for the concern in some circles that the EDA would prompt the EU to develop into a "fortress Europe", he suggested -- without further elaboration -- that the real danger in transatlantic relations was a development of a "fortress US."

Why an EDA?

16. (C) Collins pointed to a "change in the mindset in Europe" with regard to defense. He strongly asserted that Europeans are "sick" of NATO "telling people what to do". When asked by USEU Pol Mil how the EDA's approach would be more successful than NATO's, Collins argued that the EDA would be more effective by helping the nations achieve results instead of just identifying problems. The EDA is not intended to be an armaments agency, although Collins acknowledged that such an evolution is possible in the future.

17. (C) Capability Assessments. According to Collins, one of the primary tasks of the EDA will be to review national defense plans and assess capability for the EU. EDA's view is that the majority of EU countries are still maintaining a cold war structure and are equipped correspondingly. This cumbersome structure drains needed resources, and inhibits transformation. The EDA's first assessment of capabilities will not likely occur prior to 2006. Under this concept, the EDA may "cost out" the capability of a few large programs to illustrate the actual life-cycle cost of the entire program -- including training, maintenance, and additional expenses beyond the initial price tag. Collins said they would likely target a few high profile programs to demonstrate how nations are inefficiently spending defense dollars maintaining older programs that deliver little in terms of real capability. He believes these assessments will enable the EDA to prod Defense and Finance Ministers to better spend the EU's defense dollars and deliver real capabilities to the EU.

European Buy-in to ESDP

18. (C) Delivering the Goods. This conclusion dovetails with Collins' view that European Security and Defense Policy (ESDP) had a "watershed" year in 2004, and that the political actors are prepared to transform the EU procurement process and rationalize defense industries. Since a key component of the EDA's mission is to make actual capabilities available to the EU military structures, Collins feels that by exposing the full costs of these capabilities the Agency will be able to apply pressure for reallocation of defense expenditures. Some EU member states would also be urged to develop "niche capabilities" rather than spend resources on expensive capabilities that already exist within the EU. Importantly, he also said the EDA has already engaged the European Commission on Research and Technology (R&T) matters, and noted this was the first time this liaison had occurred since the inception of ESDP in 1995.

19. (C) Captain Collins maintained that during 2004, there was a significant political shift in thinking on ESDP, where ministers, having agreed in principle to ESDP previously, have now "signed their minds up to it (ESDP)". He believed this was a subtle, but important distinction that will propel the EDA's agenda and eventually, ESDP. He also noted that he is starting to see governments shifting resources toward ESDP, notably the Netherlands and Sweden.

110. (C) According to Collins, ESDP Chief Solana's ability to influence the EDA Steering board will be crucial. Early on, one of Solana's goals will be to pin down the Steering Board Members (Composed of EU Ministers of Defense, HiRep Solana, EDA CEO Witney and the Chairman of the EU Military Committee) whose nations only contribute legacy hardware and out-dated systems to make the point "Thanks for your contributions (to ESDP), but they're still not capabilities". Collins also asserted that the EDA will make progress where others have failed previously, because, since the EDA is independent, it can tell the steering board what it (steering board) doesn't want to hear. Collins speculated that Solana and the EDA might have to spend a good part of their time speaking to national finance ministers. Collins also noted that information delivery to national Parliaments would be crucial, since they hold the national purse strings and help determine defense priorities.

Comment

11. (C) Collins offered few specifics to support his grand predictions of a stronger, transformed, more coherent European Defense industry able to deliver real capabilities to the EU military structure. Nor did he offer any insights why EDA would be more successful in addressing these issues

than we have been through NATO mechanisms. Given the fragmented and internally competitive European industry, the EDA may need more than the simple power of persuasion to effect meaningful changes. Many EU military representatives have also voiced concern that, given the billions of dollars at stake in determining defense-related standards and priorities, the EDA may be driven more by political imperatives than by genuine military requirements. The EU member states' Chiefs of Defense (CHODs) -- who set the requirements -- are said to be particularly apprehensive about their lack of input into the EDA steering board, since the Chairman of the EU Military Committee has a seat, but no vote. Still, by exposing national defense plans to scrutiny -- especially by Parliaments and the public -- EDA could achieve some success in improving European defense processes.

12. (U) Mission would like to thank all those involved in preparing Collins' highly successful VolVis program. We believe it provided timely input that will have an impact on future development of the EDA.

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